

From: [Kristina Pappas](#)
To: [Board of Supervisors \(BOS\)](#); [Cabrera, Stephanie \(BOS\)](#)
Subject: NGO Comments – Item 4 SFPUC Audit
Date: Wednesday, July 19, 2023 2:32:51 PM
Attachments: [NGO Comments Re Item 4 - SFPUC Audit.pdf](#)

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Hello, please see the attached comment letter.

Thank you,

Kristina Pappas
President, San Francisco League of Conservation Voters

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Kristina Pappas
415.812.3128



July 19, 2023

Government Audit and Oversight Committee
San Francisco Board of Supervisors
Via email: stephanie.cabrera@sfgov.org, Board.of.Supervisors@sfgov.org

Re: Item 4 (July 20, 2023) – SFPUC Audit.

Dear Chair Preston and Supervisors Stefani and Chan:

Please support a comprehensive audit of the SFPUC’s Water and Wastewater Enterprises, including a robust evaluation of what the SFPUC calls its “Design Drought.”

We request:

1. An audit by the Budget & Legislative Analyst
2. A public hearing on the Design Drought
3. A review of the Design Drought by outside experts

We encourage you to refer this item to the full Board.

Design Drought

The SFPUC has created a policy on how to address potential future drought conditions that it must prepare for, called the Design Drought. The Design Drought lies at the heart of SFPUC’s projections for water demand, and it affects every analysis the SFPUC makes. As a result, it impacts ratepayers, the Regional Water System, and the people, industries and ecosystems that rely on healthy river watersheds.

- The SFPUC has consistently assumed a Design Drought of 8.5 years. This is much longer than any actual historical drought.¹
- Most water agencies plan for a 5-year drought, as required by the 1983 Urban Water Management Planning Act.² Some agencies take a more conservative approach, assessing a 6-year drought.
- Reducing the SFPUC’s assumed Design Drought by one year would create a drought scenario of 7.5 years, still significantly more conservative than any other water agency. This would reduce perceived need by more than 25 million gallons per day (mgd).

¹ The 8.5-year Design Drought combines two of the worst droughts on record: The 1987-1992 drought, which lasted 6 years, and the 1976-1977 drought, the driest two-year period on record.

² See the “Urban Water Management Plan Guidebook 2020”
<https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans/Final-2020-UWMP-Guidebook/UWMP-Guidebook-2020---Final-032921.pdf>, page 1-3.

Water Demand Projections

When it comes to water demand projections for the Urban Water Management Plan, the SFPUC uses extremely conservative calculations, resulting in assumed demand of 246 mgd by 2045.

By contrast, for rate-setting and financial planning, the SFPUC uses sales projections "that are as close to actual as we can make them."³ Due to efficiency improvements as well as water conservation efforts by San Franciscans, actual demand has been under 200 mgd for the past nine years and as low as 175 mgd in FY2015-16.

- Projecting demand of 200 mgd (the upward bound of nine recent years of actual demand) instead of the current assumption of 246 mgd would reduce perceived need by an additional 46 mgd.

Climate Change

The SFPUC is understandably concerned that climate change could affect drought and rainfall patterns, making the 8.5-year Design Drought a more likely scenario. The agency thereby commissioned a report to better understand and anticipate future climate-change-related impacts.

The Long Term Vulnerability Assessment⁴ (LTVA), produced in December 2021, concludes that the system is less vulnerable to changes in temperature or precipitation than to other, non-climate-change-related impacts such as consumer demand.

We want to make clear that while the SFPUC may raise the prospect of climate change as a reason to maintain the 8.5-year Design Drought, this argument is not supported by the LTVA that the agency itself commissioned.

Ratepayer Impacts

Ratepayers demand accurate forecasting so that they don't pay more than they need to. Government agencies and officials have a responsibility to invest public dollars wisely. Will the next proposed rate increase reflect actual demand, driven by continued conservation and efficiency?

Conclusion

The undersigned organizations have urged the SFPUC to revisit the assumptions behind the Design Drought for years, but the agency has consistently refused to do so. We urge you to expedite an audit and evaluate the 8.5-year Design Drought without delay. Your constituents and the environment deserve nothing less.

Sincerely,



Kristina Pappas
San Francisco League of Conservation Voters



Molly Culton
Sierra Club California

³ <https://sfpuc.sharefile.com/share/view/sa628ebe9c31e4326b84ffa2976f9f9a3> page 2

⁴ <https://sfpuc.org/about-us/reports/long-term-vulnerability-assessment>



Peter Drekmeier
Tuolumne River Trust



Chris Shutes
California Sportfishing Protection Alliance



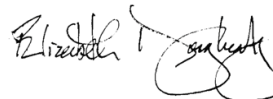
Jon Rosenfield
Baykeeper



Scott Artis
Golden State Salmon Association



Jann Dorman
Friends of the River



Elizabeth Dougherty
Wholly H2O



Mark Rockwell
Northern California Council, Fly Fishers International

From: [Mchugh, Eileen \(BOS\)](#)
To: [Cabrera, Stephanie \(BOS\)](#)
Subject: FW: Strongly SUPPORTING Government Audit and Oversight Committee Agenda Item #4 [Audit of the Public Utilities Commission's Water and Wastewater Enterprises, Rate Setting and Oversight Processes With a Focus on Reducing Rate Increases] File #230719
Date: Wednesday, July 19, 2023 1:55:32 PM

For the File

From: aeboken <aeboken@gmail.com>
Sent: Wednesday, July 19, 2023 12:09 PM
To: BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Aides <bos-legislative_aides@sfgov.org>
Subject: Strongly SUPPORTING Government Audit and Oversight Committee Agenda Item #4 [Audit of the Public Utilities Commission's Water and Wastewater Enterprises, Rate Setting and Oversight Processes With a Focus on Reducing Rate Increases] File #230719

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TO: Government Audit and Oversight Committee members

Board of Supervisors members

FROM: Eileen Boken, President

Sunset-Parkside Education and Action Committee (SPEAK)

RE: Agenda item #4 SFPUC Audit File #230719

POSITION: Strongly supporting

Sunset-Parkside Education and Action Committee (SPEAK) is strongly urging the GAO to instruct the BLA to audit the SFPUC beyond rate increases.

Rate increases are the symptom not the root cause.

How the SFPUC conducts its business and spends its capital dollars has a direct impact on rate increases for customers and City departments e.g. Rec and Park.

How the SFPUC stores water in wet years and dry years has a direct impact on its capital spending.

Capital spending has a direct impact on rate increases.

To avoid a never ending cycle of rate increases, SPEAK urges the GAO to instruct the BLA to audit the following:

- Procedures for contracting capital projects and cost controls going back at least 7 (seven) years.
- The legality of the SFPUC's use of ESER bonds based on State law.
- The filing of lawsuits against a State agency without authorization by the SFPUC Commission.
- The SFPUC's water management policies compared to other municipal utilities including managing water supplies in both wet years and dry years aka the Design Drought.
- The accuracy of the SFPUC's water demand projections versus actual demand going back at least 7 (seven) years.
- Going back at least 10 (ten) years, what years has the SFPUC raised rates and by what percentage.
- In the next 10 (ten) years, what years does the SFPUC anticipate raising rates again and by what percentage

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